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Is The Long Tail Really Wagging?

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Introduction

In 2004, Chris Anderson, editor of *Wired* magazine, published an article entitled "The Long Tail," and later (2006) a book in which he theorized that in a market of virtual shelf space (the digital world), slower moving product such as deep catalog titles, less popular genres, and indie releases can collectively equal or outsell the best-selling titles. This popular theory has drawn much controversy as many have questioned its validity.

At the March 2007 MEIEA Conference in Los Angeles/Pomona the author presented a paper (later published in the *MEIEA Journal*) entitled *Current Sales Data and What the "Long Tail" Might Be Doing* which contained a description of the Long Tail theory and its relationship to Nielsen SoundScan statistics. At the conclusion of the session the author stated, "As the consumer becomes more comfortable with the virtual marketplace, the effect of the Long Tail theory on the music industry will be more clearly realized" (Marcone 2007).

What has happened since then? Has the Long Tail affected the buying habits of the consumer? Have record companies adjusted to the phenomenon? Has purchasing moved down the tail far enough so that independent label artists can benefit from this practice? What can we learn from the data?

Review of the Literature

Since 2007 many scholars have weighed in on the effect of the theory and the validity of the theory itself. While reviewing the work of those who questioned or challenged the theory, it was found that several authors offered constructive criticism.

In 2008, Anita Elberse of the Harvard Business School concluded that even though there was evidence consumers were buying a larger variety of music, the hits still dominated the sales. She wrote, "Although no one disputes the lengthening of the tail (clearly more obscure titles are being made available for purchase every day), the tail is likely to be extremely flat and populated by titles that are mostly a diversion for consumers whose appetite for true blockbusters continues to grow" (Elberse 2008). Anderson later wrote in a rebuttal, that in testing the validity of his theory to determine the shifts in demand, one must look past the head or the hit singles, and down the tail at a larger group of tracks (Anderson 2008). Anderson refers to the titles beyond number 4,000 in popularity, rather than the blockbusters.

Last year at the Wharton School, in order to compare the workings of the theory to another entertainment pastime, Tom Tan and Serguei Netessine examined Netflix, the company that offers online flat-rate DVD and Blu-ray Disc rental-by-mail and video streaming. They found that from 2000 to 2005, the speed of the new releases was too fast for the consumer to find them.

> The Long Tail effect holds true in some cases, but when factoring in the expanding product variety and consumer demand, mass appeal products retain their importance. They argue that new movies appear so fast that consumers do not have time to discover them, and that niche movies are not any more well-liked than hits (Tan and Netessine 2009).

In fact, they suggested that customers tend to be more satisfied with the hits rather than what they choose down the tail.

Also in 2009, a study by PRS economist Will Page and Big Champagne CEO Eric Garland found that the demand on file sharing services is identical to that of purchased tracks. They wrote, "Only 5% of songs accounted for 80% of the downloads, resulting in what the authors called 'hit-heavy, skinny-tail distribution'" (Page and Garland 2009). This distribution is an alteration of Anderson's belief that the Long Tail follows the traditional eighty/twenty rule, or the *Pareto Principle*, in which eighty percent of the sales/downloads is derived from twenty percent of the products. Their data show that both legal and illegal downloads are hit-driven.

The Data

So what can we learn from the data? Firstly, Peoples reported in *Billboard* last November that because the number of releases per year has doubled in the middle of this past decade, "The sheer number of unpopular albums available means that each of those titles doesn't benefit much from their collective increase in market share" (Peoples 2009). In other words, the millions of sales lost from fewer hits at the head, are moving down across the thousands of titles to the end, which doesn't amount to much of a difference for the individual recording.

So what about hit singles? In the digital world, which last year accounted for about 57% of all purchases, Peoples wrote that sales have become more concentrated, and the hits matter more each year (a trend that was pointed out by Elberse), even though the number of available tracks continues to increase (Peoples 2009). Sales from the top two hundred popular titles accounted for almost twenty percent of the sales, and sales from the top ten accounted for almost four percent of sales. This trend has continued to increase, which contradicts the theory because, like movies, musical hits are more satisfying to the consumer than the discoveries.

Last year iTunes adjusted its pricing, raising the cost of many of the hits to US$1.29. Although the price increase was met with controversy, the top two hundred tracks have retained their market share (in revenue) even though the number of weekly purchases has fallen. In fact, they increased their dollar market share by about two percent of each week's track sales. However, in terms of units and not revenue, it also appears that consumers have not been seeking out other songs (Peoples 2009). If they don't agree with the $1.29 price point, they forgo a music purchase altogether even though a trip down the tail would yield a cheaper purchase, which again suggests that consumers are more satisfied with purchasing hits.

Because so many single tracks are being sold digitally and album sales tallies include TEAs, or Track Equivalent Albums, some critics question album sales as still being a valid measurement (see Ziemann, *Billboard*, Jan. 10, 2010). Nevertheless, overall album sales have fallen over thirty percent since 2004, and popular album sales have faired even worse than overall album sales. Six years ago, the top 5,000 albums accounted for 74% of total sales, in 2008 they accounted for just over 70% (Peoples 2009).

In terms of digital albums, as the theory suggests, the demand is moving further down the tail than that for albums overall. As with overall sales, the top 5,000 digital album sales are shrinking; however, the rate of change seems to be slowing (Peoples 2009). In the past three years, as we move down the tail the greatest percentage loss of market share occurred in albums as far down as sales number 4,000, suggesting that any movement towards the skinny end of the tail seems to be taking sales away from the fairly unpopular albums more than the hits.

Lastly, in examining the sales of digital songs, Peoples observed that tracks from albums are gaining market share while individual tracks, although growing as well, have decreased as a percentage of total tracks sold online (Peoples 2009). This suggests that "one hit wonder" artists are more likely surpassed by more substantial artists.

Conclusion

It appears that in some cases the Long Tail is wagging. Consumers appear to be traveling down the tail, but not at the rate that Anderson suspected. The blockbusters are valued more than ever. If in the future the number 10,000 best selling album continues to sell about fifty units per year, independent releases will not reap enough revenue for those artists who record independently to enjoy a comfortable lifestyle.

Other observations are as follows:

1. Hits rule!
2. It appears that customers do not readily seek out other songs when they don't purchase a hit. Titles down the tail do not satisfy the consumer's appetite enough for them to go searching. There is possibly a good deal of low quality product down there.
3. Even though popular album sales have recently taken a hard hit, the most damage has been to fairly unpopular albums that were never hits.
4. Single album tracks seem to be preferred over individual song tracks and artists should weigh the consequences of releasing songs not connected to a larger work.
5. Perhaps more effective use of "recommendation search engines" and social media tools might facilitate the discovery of more Long Tail product for more people, and thereby increase the chances for more hits.
6. It appears that it is not worthwhile for record companies to reduce their focus on hits. Hits rule!

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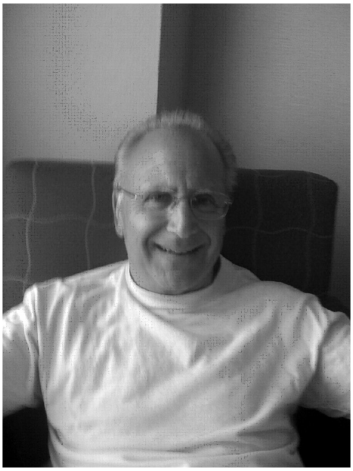

In the late 1960s and early 70s, as a trumpet player in a rock music group, **Stephen Marcone** recorded for Epic Records and toured the country taking an active role in the creative and managerial aspects of the ensemble. In 1973 he joined the faculty of the School of Music at Syracuse University and stayed until 1984. During that time, he was also Vice President of the Syracuse Musicians Association (Local 78). In 1984, he came to the William Paterson University of New Jersey where he was Chairperson of the Music Department for fifteen years, and recently, for two years, was Interim Dean of the College of the Arts and Communication. He has written articles for numerous publications and has lectured at the Hartt School of Music, New York University, and many national and regional conferences. He is the author of *Managing Your Band*, in its fifth edition, and is a frequent lecturer for the New Jersey Council on the Humanities. Each summer Marcone conducts the university's Summer Jazz Ensemble. Professor Marcone holds a B.A., M.M., and Ed.D. from Syracuse University.